MINERALS COUNCIL OF AUSTRALIA
VICTORIAN DIVISION

VEAC CENTRAL WEST INVESTIGATION DRAFT PROPOSAL PAPER FOR PUBLIC COMMENT

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1 EXECUTIVE SUMMARY

The Minerals Council of Australia Victorian Division (MCA VIC) welcomes the opportunity to comment on the Victorian Environmental Assessment Council's (VEAC) Draft Proposals Paper relating to the Central West Investigation.

The Victorian mining industry's contribution to the prosperity of the State is substantial, and the implications of the proposed changes to public land will impact on the industry's ability to continue this contribution into the future within the investigation area. The significance of this manifests itself through the prevention of new entrants, restrictions on existing operators, inhibition of future investment, locking of geological potential and increased regulatory burden.

MCA VIC understands that these draft proposals and recommendations can make a contribution to improving ecological representation of the protected area system. MCA VIC also stresses that conservation objectives and modern mineral resource development are not mutually exclusive outcomes – the two can, and do, successfully co-exist. To this end, MCA VIC advocates for a modern land management regime which addresses the three pillars of sustainable development (environmental, social and economic) by effectively assessing the risks of all possible land uses on a case by case basis.

VEAC's draft recommendations propose a significant increase in protected areas, which will primarily be achieved by reclassification of current State forest into National parks and/or State parks, conservation parks, regional parks, nature reserves and bushland reserves.[1]

While the implications for wood product harvesting as a result of the draft proposals are noted as 'significant'[2], there is no similar acknowledgement regarding the implications for exploration and mining.

MCA VIC does not support the substantial increase in land to be reclassified, as recommended in the draft report. The draft recommendations:

- minimise the importance of the minerals industry to Victoria
- misunderstand the impact of the recommendations on the minerals industry
- fail to consider the modern minerals industry's commitment to sustainability
- place a restriction of new entrants
- increase the sovereign risk to existing licence holders
- result in mineral resource sterilisation
- contribute to public harm as a consequence reduced economic growth

[1] Victorian State Government, Victorian Environmental Assessment Council, *Central West Investigation Draft Proposals Paper For Public Comment*, August 2018, pp. 7
[2] Ibid, pp. 8

2 MCA ADVOCACY AND ENVIRONMENTAL STEWARDSHIP

About the MCA

The Minerals Council of Australia (MCA) is the peak industry organisation representing Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. The MCA's strategic objective is to advocate public policy and operational practice for a world-class industry that is safe, profitable, innovative, environmentally and socially responsible and attuned to its communities' needs and expectations.

MCA VIC is part of the MCA and represents the interests of member companies operating, exploring and providing services to the minerals industry within the state of Victoria.

MCA member companies are signatories to Enduring Value – The Australian Minerals Industry Framework for Sustainable Development.[3] Enduring Value articulates the mineral industry's commitment to sustainable development, and is based on the globally recognised International Council on Mining and Metals 10 Principles for Sustainable Development.[4]

Principle 6 of Enduring Value requires members to seek continual improvement in environmental performance, while Principle 7 necessitates contribution to conservation of biodiversity and integrated approaches to land use planning. Enduring Value is supported by the MCA Water Policy[5], the MCA Land Stewardship Policy[6], and the MCA Biodiversity Offsets Policy[7].

Environmental Stewardship

Across Victoria and the rest of Australia, the minerals industry continues to be actively engaged in the practical and effective integration of environmental, social and economic aspects of resource development. Earning and maintaining a social licence to operate and the practical implementation of sustainable development principles are defining features of modern mining operations. Key features of the Australian mineral industry's approach to environmental management include:

- **Land**: Less than 0.7 per cent of Australia's land mass is currently under mining lease. The footprint of mining occupies only 0.3 per cent of Australia's land mass. The industry is committed to ensuring mined lands are available both for alternative land uses consecutively with mining (including for biodiversity conservation) and to support alternative post-mining uses (including agriculture).[8]
- **Water**: A high-value, low-volume water user, mining accounted for 3.7 per cent of Australia's water consumption in 2015-16[9]. Mining operations seek to utilise low quality water not suitable for other industrial uses (including hyper-saline waters and primary-treated sewage) and to maximise the reuse efficiency of each water unit on site.[10]
- **Biodiversity conservation**: The industry's approach to biodiversity assessment and management centres on prevention and management of biodiversity impacts from mining and the identification of opportunities to enhance biodiversity conservation. The minerals industry has contributed to the recovery of a number of threatened species and provides extensive data and resources to national biodiversity research.[11]

[3] Minerals Council of Australia, *Enduring Value Framework*, 2015
[4] International Council on Mining and Metals, *ICMM 10 Principles*, ICMM, London May 2003
[5] Minerals Council of Australia, *Water policy*, MCA, February 2012
[6] Minerals Council of Australia, *Land stewardship policy*, MCA, October 2012
[7] Minerals Council of Australia, *Biodiversity offsets policy*, MCA, October 2014
[8] Minerals Council of Australia, *Environmental Management*, viewed November 20 2018
[9] Australian Bureau of Statistics, *Water Account, Australia, 2015-16*, water use tables, ABS catalogue no. 4610.0, released 23 November 2017
[10] Minerals Council of Australia, *Environmental Management*, viewed November 20 2018
[11] Ibid

Land Use Management - Rehabilitation

Recognising its responsibility as a temporary custodian of land, the Australian minerals industry's goal is for mined land to be available for future economic activity, conservation or community use.

In line with evolving community expectations, the minerals industry's approach to land rehabilitation has improved significantly in recent decades. Post-mining land uses are considered at the mine design stage and defined throughout the mining lifecycle, incorporating regional environmental values and community preferences among other factors.

Mining activities will aim to minimise disturbance, and provide for ongoing progressive rehabilitation, directed at achieving an agreed post-mining land use that is both stable and self-sustaining.

The industry recognises that while some previously mined areas are rehabilitated to pre-existing condition or better, they may still result in some substantial transformation of the landscape. This presents opportunities for consideration of new and innovative approaches to post-mining land use.

Examples of successful/leading practice mine rehabilitation, including Fosterville's approach, are showcased in the MCA Mine Rehabilitation publication.[12]

Commitment to biodiversity and nature conservation

The minerals industry is committed to upholding high standards of environmental protection based on the use of sound science and robust risk-based approaches in the assessment and management of potential environmental impacts.

The industry's approach to biodiversity assessment and management centres on prevention and management of biodiversity impacts from mining and the identification of opportunities to enhance biodiversity conservation. The minerals industry has contributed to the recovery of a number of threatened species and provides extensive data and resources to national biodiversity research.

Wherever possible, the Australian resources sector aims to avoid, minimise and mitigate its impact on environmental values. This concept is articulated in the MCA Land Stewardship Policy[13], and is particularly relevant for the industry's management of conservation and preservation of biodiversity.

Companies may also undertake voluntary conservation initiatives to offset residual impacts or augment their social licence to operate though partnership with government, conservation organisations or local communities. These include species recovery programs, habitat restoration and the establishment of conservation reserves. These initiatives can have a significant positive effect on environmental and community values.

Nature-based initiatives commonly supported by the industry include flora and fauna research, community education programs and initiatives to capture and apply traditional ecological knowledge.

In some circumstances, offsets may be used for significant residual loss of conservation values. Offsets should be strategically developed to enhance the connectivity and resilience of conservation values within the landscape. This may include the establishment of protected areas for conservation, developing new or improved habitat on degraded land and/or the control of threatening processes including feral animals, fire and weeds.

The acquisition of new scientific knowledge is one of the biggest contributions mining makes to biodiversity in Australia. For example, in remotes parts of Western Australia, much of the information available about the region's unique biodiversity is understood because mining companies have surveyed an area. Mining companies regularly discover entirely new species in Western Australia.

As recognised by the CSIRO, the opportunities provided by responsible mining practices are significant:

> Mining stands out from other major land uses in terms of the wealth it creates from the limited areas that it directly affects and the relatively short duration of the effect. This provides an opportunity for achieving

[12] Minerals Council of Australia, *Mine Rehabilitation*, Publication, August 2018
[13] Minerals Council of Australia, *Land stewardship policy*, MCA, October 2012

high standards of environmental management, encompassing mitigation, ecosystem rehabilitation, and environmental offsets.[14]

To illustrate industry achievements, examples of successful/leading practice in biodiversity and conservation management are provided below:

Case study: Contributing to nature conservation across the communities in which we operate

Mandalay Resources' Costerfield Operation is partnering with local conservation volunteers to rehabilitate degraded farmland opposite the mine's evaporation ponds. Mandalay Resources purchased the 3.7 hectare site in 2015, and is working with local community representatives and environmental volunteers to design and develop community wetlands. A planting day in September 2017 was attended by more than 40 local volunteers – some travelling more than 150 kilometres to participate.[15]

EnergyAustralia's rehabilitation program at Yallourn Mine is more than 20 years old. Planned final landforms include grasslands, woodlands and wetlands, as well as a pit lake interconnected with local rivers. 25,000 Strzelecki gums have been planted in drainage corridors and floodplain areas which contributes to habitat for locally significant koala populations. Within a constructed wetlands development, over 140 bird species have been recorded over the past decade.[16]

[14] CSIRO, *Biodiversity – Science and Solutions for Australia*, CSIRO Publishing, Canberra, 2014, p. 178
[15] Bendigo Advertiser, *Volunteers put down roots in wetland*, Bendigo Advertiser, 12 September 2017
[16] Latrobe Valley Express, Koala plan gets thumbs up, 26 July 2018; Yallourn Mine Sustainability Report 2015-2016; EnergyAustralia Yallourn Social and Environmental Performance 2017

3 MCA'S INTERPRETATION OF THE VEAC REPORT

VEAC is driven by specific terms of reference for the investigation in order to look at whether the protected area system (also referred to as the conservation reserve system) contained within three specific areas – the Mount Cole-Pyrenees range, Wellsford forest and the Wombat forest-Macedon area – is representative of the natural biodiversity of the areas. These areas provide habitat for 375 threatened flora and fauna species.

When carrying out any investigation, VEAC, amongst other things, must consider the potential environmental, social and economic consequences of implementing its proposed recommendations, per section 18 of the *Victorian Environmental Assessment Council Act 2001* (VEAC Act 2001).[17]

The report notes that:

> Apart from tourism, the major industries on public land in the investigation area are apiculture (beekeeping), timber harvesting, mining, quarrying and licensed grazing. The main recreational and domestic activities that extract resources from public land in the investigation area are prospecting, firewood collection and hunting.[18]

The report also states that in the past 30 years, resource uses such as mining and native timber harvesting have declined within the investigation areas.[19] In more recent decades, other uses have increased in prominence, including nature conservation, catchment protection and recreation.[20]

The total investigation area contains 16 mining licences and 22 broad-scale exploration licences.[21]

Almost 20 submissions received during report preparation mentioned mining and mineral exploration. Half were in support of mining activity, half were not, and the importance of public land availability for future exploration was raised.[22]

VEAC's draft recommendations propose a significant increase in protected areas, and will primarily be achieved by reclassification of current public land use categories. 89 percent of existing State forest (equivalent to 79,098 hectares of public land) will be reclassified as National parks and/or State parks (49,866 hectares), conservation parks (5,246 hectares), regional parks (18,295 hectares), nature reserves (4,501 hectares) and bushland reserves (1,761 hectares).[23]

The investigation report notes that its recommended changes will affect some activities which extract natural resources from the forests being reclassified. These activities include new mining and exploration, along with commercial timber harvesting, domestic firewood collection, prospecting and hunting.[24] While the implications for wood product harvesting are noted as 'significant'[25], there is no similar acknowledgement regarding the implications for exploration and mining.

MCA VIC understands that these recommendations can make a contribution to improving ecological representation of the protected area system. MCA VIC also understands the need to meet international obligations, such as those stipulated under the Convention for Biological Diversity.[26]

In this submission, the Victorian mining industry does not seek to remove or diminish environmental standards or safeguards. Rather, the minerals sector seeks a modern land management regime which addresses the three pillars of sustainable development (environmental, social and economic) by effectively assessing the risks of all possible land uses on a case by case basis. Such a regime

[17] Victorian State Government, Victorian Environmental Assessment Council, *Central West Investigation Draft Proposals Paper For Public Comment*, August 2018, pp. 14
[18] Ibid, pp. 6
[19] Ibid, pp. 5
[20] Ibid, pp. 22
[21] Ibid, pp. 33
[22] Ibid, pp. 50
[23] Ibid, pp. 7
[24] Ibid, pp. 1
[25] Ibid, pp. 8
[26] Throughout 2018, the MCA has engaged with the federal Department of Environment's CBD Australia division regarding the mining industry's contribution to Australia's biodiversity and conservation

can meet Victoria's environmental objectives and promote (rather than restrict) future mineral discoveries and the benefits that stem from their development across the State and beyond.

MCA VIC also stresses that conservation objectives and modern mineral resource development are not mutually exclusive outcomes – the two can, and do, successfully co-exist.

4 MINING'S CONTRIBUTION TO THE STATE OF VICTORIA

Mining's contribution to Victoria

The VEAC Central West Investigation report states that one of the major industries on public land is mining, but that its role has been in decline over the last 30 years. MCA VIC disputes this second premise. The contribution of mining and exploration to Victoria's prosperity is substantial.

From its 1850s gold rush beginnings to the digital 21st century, Victoria's minerals industry remains an integral part of the state's social and economic fabric.

Today's industry extends beyond gold mines in Central Victoria to coal operations in the Latrobe Valley and world-class copper and mineral sands projects across the state. State-based exploration has tripled in recent years[27], and Victoria's rich mineral endowment makes it highly prospective for gold, base metals including copper and mineral sands discoveries. Early stage lithium exploration is also occurring in the state's east.

Melbourne is a global centre for mining services and home to major mining companies. Victoria also serves as a national hub for mine equipment, technology and services (METS) sector exports with strong manufacturing and engineering capabilities in Melbourne and the regional centres of Geelong, Ballarat and Bendigo.[28]

Victoria's mining industry contribution

- $13.6 billion in value added to Victoria's economy in 2015-16 – approximately 4 per cent of Victoria's Gross State Product (GSP)[29]
- 11,000 resource sector jobs in February 2018[30]
- 121,000 jobs across the mining and mine equipment, technology and services sector[31]
- Melbourne-based firms account for 65% of the ASX100 mining stock in 2018 (100% = $188b Market capitalisation)[32]
- $73.7m Mineral exploration expenditure in 2016–17[33]
- $805m mining capital expenditure in Victoria in 2016–2017[34]
- Land area covered by an active or inactive mining licences in Victoria (0.2 per cent).[35]

The Victorian mining sector's contribution, which is particularly important for regional development, may not have been well understood by the investigating team. If so, this important social and economic context may not have been fully considered when the proposed recommendations were drafted. The following two case studies demonstrate local industry commitment to leading practice social, economic and environmental contribution.

[27] Victoria State Government, State of Discovery, Mineral Resources Strategy 2018-2023, August 2018, page 7
[28] Deloitte Access Economics, Mining and METS: engines of economic growth and prosperity for Australians *Victoria in focus: fact sheet,* prepared for Minerals Council of Australia, June 2017, Deloitte Touche Tohmatsu, pp. 1 -4
[29] Minerals Council of Australia, Submission to the Productivity Commission's initial report on transitioning regional economies, 2017
[30] ABS Labour force Series: 6291.0.55.003. Includes all resources, not just minerals
[31] Ibid
[32] www.asx.com.au, August 2018
[33] ABS publication series 8412.0, Mineral and Petroleum Exploration, Australia, September 2018, http://www.abs.gov.au/ausstats/abs@.nsf/mf/8412.0
[34] ABS Publication series 5625.0, Private New Capital Expenditure and Expected Expenditure, Australia, March 2018, http://www.abs.gov.au/ausstats/abs@.nsf/mf/5625.0
[35] Estimate by Earth Resources Regulation, 31 January 2017

Mandalay Resources's Costerfield Mine: Contributing to the United Nations Sustainable Development Goals (SDGs) in Central Victoria[36]

Mandalay Resources has worked closely with community stakeholders near its Costerfield mine site in regional Victoria and is investing in child and family services.

Mandalay supported the nearby Heathcote community—facilitating investment in child and family services—to create a more vibrant and attractive regional town to live in. The childcare hub—Heathcote's first—will have places for 76 children, create 37 jobs and provide an estimated $660,000 of economic stimulus annually.

The initiative aligns with United Nations SDG Number 8: Provide sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Kirkland Lake Gold's Fosterville Mine: Contributing to the Bendigo region[37]

Operating since 2005, Fosterville employs more than 550 people from the surrounding community and delivers approximately $200 million in economic benefits to the Bendigo region annually.

The mine has produced more than 1.6Moz of gold, and outstanding exploration results in 2017 have more than tripled its mineral reserves, extending the current mine life to 2023.

The aim of Fosterville's rehabilitation plan is to return sites to a similar vegetation function and structure as existed prior to mining. If the new landform is significantly different, then the species selection will be appropriate for the final landform rather than what existed previously. The mine aims to return areas of native forest back to self-sustaining conditions while increasing the amount of indigenous species and linking biodiversity corridors where possible.

VEAC must consider the potential environmental, social and economic consequences of implementing its proposed recommendations, as per the VEAC Act 2001.

If the industry's contribution is understood, then the lack of acknowledgement that VEAC's proposed recommendations will not have significant implications and future ramifications for the Victorian mining industry is an oversight of the investigation findings, and represents a major concern for MCA VIC and its members.

[36] Minerals Council of Australia, *Sustainability in Action: Australian Mining and the Sustainable Development Goals*, pp. 35-38, October 2018

[37] Kirkland Lake Gold, November 2018; www.miningdataonline.com; MCA Publication *Mine Rehabilitation* August 2018

5 SIGNIFICANCE OF VEAC DRAFT PROPOSALS ON VICTORIA'S EXPLORATION AND MINING INDUSTRY

Draft proposals increase restrictions on public land

The minerals industry is currently excluded from a suite of land types through a range of legislative instruments including:

- the *Mineral Resources (Sustainable Development) Act 1990* (MR(SD) Act 1990)
- the *Reference Areas Act 1978* (particular land that is a reference area)
- the *National Parks Act 1975* (land that is a National park, wilderness park or State park)
- Local Planning Schemes administered under the *Planning and Environment Act 1987*

Exemptions exist where land is covered by a pre-existing licence under the Mines Act 1958 or a licence was granted before the declaration of the National park, wilderness park or State park under the *National Parks Act 1975*.

Restricted Crown land includes conservation parks, nature reserves, bushland reserves, historical reserves, regional parks and water frontage, beds and banks reserves. These land types require ministerial consent before any exploration and/or mining can be undertaken.

In Victoria, resource exploration and extraction is allowable in State forests.

VEAC's draft recommendations propose a significant increase in protected areas. This will primarily be achieved by reclassification of almost 90% of existing State forest contained in the investigation areas into National and/or State parks, conservation parks, regional parks, nature reserves and bushland reserves.[38] 56 percent of existing State forest will be relisted as National/State park(s), where exploration and mining is excluded. 33 percent will become restricted Crown land, which requires ministerial consent for exploration or mining activity. Only 10,180 hectares, equivalent to 11 percent will remain as State forest – a reduction of 79,098 hectares. This creates a scarcity of land for exploration and mining activity.

This will inhibit the future viability of the Victorian mining industry in these locations, which in turn has potentially significant flow on effects for the regional communities and their economies located in the Central West investigation area.

Preventing New Entrants

The VEAC report states on page 142:

> Recommended new national park areas would not be available for new exploration and mining.

The draft proposals and associated increase in land excluded from mining will, unfortunately, prevent new entrants from entering into the industry in these areas, which are prospective for minerals including gold.

The Victorian State Government's "State of Discovery Mineral Resources Strategy 2018-2023" was released in August 2018. The vision of the strategy is 'a growing and responsible minerals sector that is valued by the community' and outcomes include 'investment, jobs, regional development, exports, value of production and acceptable environmental and social impacts'. One of the strategy's aims is to grow investment and jobs by 'improving Victoria's attractiveness for minerals investment' through 'advancing geoscience and encouraging mineral exploration and development'.[39]

VEAC's investigation findings do not align with these strategic goals.

[38] Victorian State Government, Victorian Environmental Assessment Council, *Central West Investigation Draft Proposals Paper For Public Comment*, August 2018, pp. 7
[39] Victorian State Government, State of Discovery Mineral Resources Strategy 2018-2023, August 2018, pp. 4

RECOMMENDATION: VEAC to consider the Mineral Resources Strategy and associated Areas for Action when making final recommendations regarding proposals for protected land increases.

Restricting Current Players and Inhibiting Investment

MCA VIC has concerns about the phrasing of VEAC's statement on page 142, specifically the reference 'may be approved'.

> Existing mining and exploration licences in new national park areas would continue, and mining following such exploration may be approved by Government.

Unfortunately, the experience of MCA members who have held exploration licences (ELs) in newly proclaimed National Parks is that continued operation and in particular renewals and work plan approvals are effectively impossible to attain. In such cases many companies find they have little choice but to walk away from their substantial investment. Whilst this has not been the stated policy intention of the Government in the past, it is, unfortunately, the practical commercial reality that proposals for areas covered by exploration licences in areas that become National Parks tend to result in negative commercial outcomes.

Mandalay Resources: Exploring in a National Park[40]

Mandalay Resources holds three exploration licences adjacent to the mining lease at its Costerfield operation in central Victoria. In 2016, the northern portion of one of the exploration licences was re-classified to form part of the Graytown National Park. The reclassified section of land contains several historical gold digging sites that Mandalay might have potentially explored further as regional targets in the future.

During 2014, Mandalay had conducted a mapping and auger drilling program through part of the area to test some of the historical digging sites for prospectivity. The results were not encouraging so no further work on the area was planned at the time, allowing the company to focus on other targets that were considered more promising.

Mandalay received considerable notice of the re-classification of state forest to national park. This was appreciated, as it enabled the company to undertake reconnaissance work over the area before works became restricted by the National park status.

While the land restructure didn't impact the current exploration program, it has stopped any planned further exploration in that section of the lease.

MCA VIC acknowledges that existing mining and exploration licence holders under the MR(SD) Act 1990 will be able to continue to operate according to their licence, and that these licences may be renewed if they do not lapse.

Where a licence predates the National/State park, it can be renewed in accordance with section 40 (s40) of the National Parks Act 1975. Similarly, a mining licence (ML) can be granted where an EL is current over the park. The s40 process is rarely used. It takes several months and involves obtaining the consent of the responsible Minister and tabling of the consent in Parliament. There are very few exploration and mining operations in parks operating under s40 consents.

Under the MR(SD) Act, ELs are capped at five years. One renewal is allowed, and it cannot exceed the life of the initial EL. A second renewal is possible, and if approved, cannot exceed two years unless and only if exceptional circumstances are demonstrated. These requirements already impede and restrict current operators. If land status changes to restricted land, the potential exists for more unnecessarily stringent and/or onerous requirements to be placed on renewals. This may impact on timeframes taken to obtain renewals and timeframes required to undertake exploration works. In addition, there is the potential for the regulator to stipulate land relinquishment from ELs which are on reclassified land. These issues may contribute to increased levels of lapsed ELs.

[40] Member feedback

RECOMMENDATION: VEAC to undertake further consideration of the processes available, guarantees and likelihood of success for the "grandfathering" of licences.

RECOMMENDATION: VEAC to undertake further consideration of the practicalities for obtaining approvals to progress exploration and mining activities once land has been restricted, including the effectiveness of the section 40 process.

Compensation must be considered for existing exploration and mining companies that are impacted by the draft proposals. Draft recommendation R3 addresses 'Assistance for adversely affected individuals and business', noting that 'Government establishes a process to evaluate the impacts on individuals and business of implementing recommendations in this report and provides assistance to minimise any effects where required'.[41]

RECOMMENDATION: Further consideration is needed to define the compensation process, including how this will be assessed, implemented, regulated and provisioned for.

Locking up future geological resources

MCA VIC is concerned at any increase in the area of exempt or restricted public land as this invariably limits the potential of future generations to access the mineral wealth contained in those areas.

Mineral deposits found through exploration are important for all Victorians. Ownership of the minerals is vested in the Crown and only transfers to the mining company upon extraction. For most commodities, royalties are then paid back to the State government. This money is then redistributed by government departments to provide for public services. Accordingly, an absolute restriction on access to land is not in the public interest.

This approach has implications for land that has not yet been explored or developed, as well as for land that has historically been actively explored and/or mined.

The Central West Investigation area has historically been mined for gold. This may well be an indicator of additional minerals that have not yet been discovered due to the undercover nature of the underlying geology.

As new understanding of geology and geoscience is gained (noting this is another pillar of the Victorian government's State of Discovery Mineral Resources Strategy), combined with evolving extraction methods, areas that have been historically mined are often revisited. If land that was previously mined is now listed as a National park or requires ministerial approval to be realised, the benefits arising from new knowledge and technological innovation will not be leveraged for the benefit of Victorians.

The Wombat-Macedon block contains a past major goldfield with significant historical production from mines at Trentham, Blackwood and Daylesford. The Mount Cole-Pyrenees block had lesser historical production; however recent developments in geological understanding and exploration open the area to the discovery of future resources.

The importance of geoscience in unlocking new geological potential at Fosterville[42]

Advanced geoscience work by GSV has identified that the area around Bendigo and Fosterville could hold up to 32 million ounces of gold – that's gold out there yet to be found.

"The availability of pre-competitive geoscience data and access to knowledge in the form of

[41] Victorian State Government, Victorian Environmental Assessment Council, *Central West Investigation Draft Proposals Paper For Public Comment*, August 2018, pp. 58

[42] Victorian State Government, State of Discovery Mineral Resources Strategy 2018-2023, August 2018, pp. 18

geological models has been critical for our geological understanding and gold exploration programs" *Ian Holland, Vice President Australian Operations, Kirkland Lake Gold*

Fosterville is situated directly adjacent to the Wellsford Block, and the north-western corner of the mining lease falls in the investigation area. While the Wellsford forest itself has little history as a goldfield, the underlying geology may be prospective for gold.

If land access is restricted land, Fosterville may be disadvantaged in the future when undertaking both brownfield and greenfield exploration and development activity.

RECOMMENDATION: Consider adoption of a modern land management regime which addresses the three pillars of sustainable development (environmental, social and economic) by effectively assessing the risks of all possible land uses on a case by case basis. For more details refer to Section 6 Opportunities.

Increasing Regulatory Burden and Duplication of Effort

Minerals developments are subject to local, state and federal government regulation and planning regimes. These cover a range of issues, including stringent environmental approvals. The approvals processes can be complex and time consuming.

In Victoria, environmental protection is enshrined through the MR(SD) Act 1990 as well as the *Environment Effects Act 1978, Environment Protection Act 1970* (EP Act 1970)*, Environment Protection Act 2017* (the 2017 Act) and the *Flora and Fauna Guarantee Act 1988* (FFG Act). In addition, there are 39 Minerals Guidelines and Codes of Practices on the Earth Resources website, many of which relate to environmental management.[43]

Victorian approvals processes: Successfully protecting biodiversity

Victoria's current project approval framework is rigorous in identifying potential environmental impacts of projects. It is underpinned by a risk-based assessment process that is applicable on a case by case (and accordingly a location by location) basis. Restricting the Victorian mining industry's access to land is not needed in order to adequately protect it from environmental harm because the existing approvals process provides adequate environmental safeguards.

To commence activity, Victorian operators must obtain:

- approval under the MR(SD) Act (Work Plan)
- approval under the Planning and Environment Act (Planning Permit) or the Environment Effects Act (EES) and
- Ministerial consents required for restricted Crown Land.

Any changes to land status must be supported by administrative arrangements under all three Acts and the Local Planning Schemes (permit requirements for zones and overlays) so as to adequately facilitate the intended change. For example, if a concession exists under the MR(SD) Act but a permit cannot be issued under the Planning Scheme due to mining being a prohibited use within a planning zone, the process will be contradictory, cumbersome and unworkable.

In addition comprehensive permitting (and offsetting) requirements under both the FFG Act and the federal *Environmental Protection and Biodiversity Conservation Act (2001)* (EPBC Act) exist where applicable.

[43] Department of Economic Development, Jobs, Transport and Resources, Earth Resources, Guidelines and Codes of Practice, viewed December 4 2018

VEAC draft proposal impacts on Fosterville Gold Mine[44]

The Kirkland Lake Gold mining licence at Fosterville currently includes 160 hectares of Wellsford forest within its boundary. This land will be converted to 'Nature Reserve' under VEAC's draft proposals.

In addition, a significant portion of the Wellsford forest (greater than 80 percent) falls within existing Kirkland Lake Gold exploration licences. The Code of Practice for Mineral Exploration[45] contains measures to protect biodiversity in exploration licence areas and explicitly provides additional protection for box-ironbark regions such as the Wellsford Forest.

The impact associated with increased regulatory burden and duplication resulting from changes in protected areas is considered significant for Kirkland Lake Gold, particularly when there does not need to be a change in protected areas within the Wellsford Block to protect existing biodiversity values.

Under the VEAC draft proposals, any exploration or mining activity, previously undertaken in State forest, will now have to seek ministerial consent and approval under the MR(SD) Act 1990. This places additional burden on proponents compared with the status quo.

In addition, at a federal level, if seeking approval to conduct activities on Commonwealth land that may affect the environment, proponents already need to seek approval under the EPBC Act if the activity they wish to conduct is considered likely to impact on any one of nine specific Matters of National Environmental Significance (MNESs), for example RAMSAR wetlands.

At a federal level, the Labor party has a clear policy to introduce two further MNESs, one of which relates to National parks.[46] If an activity is to occur within a national park, the proponent will have to obtain approval under the EPBC Act, as well as all their other permits. If this happens, explorers and miners will be subject to more regulation than ever before.

These increases in red tape add cost and time to the approvals process. Expending this effort and resources on initiatives that benefit local communities and positive environmental outcomes would be far more preferable.

Case Study: Impact of Delays[47,48]

Delays and uncertainty in project approval processes pose a significant risk to the industry's global competitiveness. A 2012 report by Port Jackson Partners found that Australian thermal coal projects experienced an average project delay of 3.1 years, compared with an average of 1.8 years in other jurisdictions.[1] The costs of delays for projects can be substantial. For example, industry and Productivity Commission estimates suggest a one year delay to a large 'greenfields' project (of $3 to 4 billion) can reduce the Net Present Value (NPV) of a mining project by between 10 and 13 per cent. For large projects, this could result in an NPV loss of at least $30 million each month. Additionally, there are the costs for keeping engineering contractors, consultants, internal resources, and procurement in a 'holding pattern' while delays are being addressed. For a large project these costs can be up to $16 million per month. In total, delays can increase costs up to $46 million per month to a major greenfields mining project in Australia.

RECOMMENDATION: Continue to push for red tape reforms at a state and federal level that streamline approval processes and remove regulatory burden

[44] Kirkland Lake Gold, November 2018
[45] Victorian State Government, Code of Practice for Mineral Exploration, April 2015
[46] Australian Labor Party, draft policy statement, Item 41, page 68
[47] Port Jackson Partners, Opportunity at risk: regaining our competitive edge in minerals resources, report commissioned by the Minerals Council of Australia, MCA, 16 September 2012, p. 27.
[48] MCA member calculations.

6 OPPORTUNITIES

Opportunities exist that can be collectively progressed by industry and government to ensure that Victoria's environmental objectives are met at the same time as promoting (rather than restricting) future mineral discoveries and the benefits that stem from their development.

Collaborative approaches to biodiversity management

Opportunities exist to work together to contribute to biodiversity management and conservation efforts on crown land.

The VEAC Investigation report notes that the area supports a relatively large proportion of Victoria's biodiversity, which includes threatened vertebrate species, and rare or threatened vascular plant species. The report also notes that:

> Key strategies for reducing threats to biodiversity in the investigation area, particularly in the face of climate change, include: controlling pests animals and weeds, reducing all activities that remove current and future large old trees, managing timber and firewood harvesting, creating strategic linkages especially along waterways, and restoring appropriate fire regimes.[49]

Modern mining practices complement these strategies, and conditions specified in exploration and mining licences, support, and at times, exceed these desired outcomes. In addition to the ongoing environmental management and monitoring that occurs during active phases of exploration and mining, mine closure planning and rehabilitation conditions are also essential elements of state-based regulatory approvals. While future land use can vary, all states, including Victoria, require previously mined land to be made safe, stable and non-polluting.

The Australian minerals industry is committed to developing leading practice tools and guidance materials that can be utilised by other land users and managers. Examples include:

- Leading Practice Sustainable Development Program (LPSDP) for the Mining Industry
  A series of handbooks outlining best practice for sustainable mining is available through the Department of Industry, Innovation and Science's Leading Practice Sustainable Development Program (LPSDP) for the Mining Industry. The LPSDP provides practical guidance to the mining industry through a series of targeted handbooks to assist with the implementation of leading practice, and encourage the mining industry and other stakeholders to continue to improve their social and environmental performance. An underpinning principle of the program is to support the adoption of best practice approaches, attitudes and technologies. Topics include biodiversity management, mine rehabilitation and water stewardship, and while targeted at mining, many of the principles are applicable to other land uses[50]
- The MCA's Cumulative Environmental Impact Assessment Guide provides industry guidance on how to successfully undertake these complex assessments, and is another example of the sector's commitment to environmentally responsible mining.

Recommendation: leverage knowledge by showcasing best practice environmental performance and developing and sharing leading practice tools and guidance across different sectors and stakeholders

Establishment of a modern land management regime

The MCA stresses that conservation objectives and modern mineral resource development are not mutually exclusive outcomes – the two can, and do, successfully co-exist.

[49] Victorian State Government, Victorian Environmental Assessment Council, *Central West Investigation Draft Proposals Paper For Public Comment*, August 2018, pp. 53

[50] Department of Industry, Innovation and Science, Leading Practice Sustainable Development Program (LPSDP) for the Mining Industry, viewed June 19 2018

Accordingly, the MCA seeks a modern land management regime which addresses the three pillars of sustainable development (environmental, social and economic) by effectively assessing the risks of all possible land uses on a case by case basis.

The Standing Council on Energy and Resources (SCER) Multiple Land Use Framework (MLUF) provides a model guide for future reforms for land access. The MLUF, endorsed in 2013 by *all* jurisdictions across Australia, is designed to be used by decision makers, primarily regulators, to achieve multiple and sequential land use outcomes.[51]

RECOMMENDATION: VEAC to utilise the SCER Multiple Land Use Framework (MLUF) to guide draft proposals and future reforms for land access.

7 CONCLUDING REMARKS

MCA VIC does not support the substantial increase in land classification recommended by the draft report.

MCA VIC understands that VEAC's draft proposals and recommendations for the Central West Investigation Area can make a contribution to improving ecological representation of the protected area system.

MCA VIC also stresses that conservation objectives and modern mineral resource development are not mutually exclusive outcomes – the two can, and do, successfully co-exist.

To this end, MCA VIC advocates for a modern land management regime which addresses the three pillars of sustainable development (environmental, social and economic) by effectively assessing the risks of all possible land uses on a case by case basis.

MCA VIC urges VEAC to acknowledge the significance of its draft recommendations on the Victorian mining industry, and to consider these impacts when developing its final recommendations.

8 FURTHER INFORMATION

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[51] COAG Energy Council, *Multiple Land Use Framework*, December 2013